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FILED IN THE
 U.S. DISTRICT COURT
 EASTERN DISTRICT OF WASHINGTON

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JAMES R. LARSEN, CLERK
 YAKIMA, WASHINGTON DEPUTY

IN THE UNITED STATES DISTRICT COURT
 FOR THE EASTERN DISTRICT OF WASHINGTON
 AT SPOKANE

11 NUVEEN QUALITY INCOME MUNICIPAL
 FUND, INC., et al,

12 Plaintiffs,

13 v.

14 PRUDENTIAL SECURITIES, INC., et al,

15 Defendants,

16 v.

17 CITY OF SPOKANE,

18 Third-Party Plaintiff,

19 v.

20 ROY J. KOEGEN, et ux, et al,

21 Third-Party Defendants,

No. CS-01-0127-EFS

Consolidated with:

No. CS-01-0128-EFS

ANSWER OF R.W. ROBIDEAUX &
 COMPANY TO COMPLAINTS OF
 NUVEEN QUALITY INCOME
 MUNICIPAL FUND, INC., ET AL.
 AND U.S. BANK TRUST NATIONAL
 ASSOCIATION

23 Defendant R.W. Robideaux & Company (hereinafter "Defendant") answers the
 24 complaints in *Nuveen Quality Income Municipal Fund, Inc., et al. v. Prudential Securities, Inc.,*
 25 *et al.*, No. CS-01-0127, and *U.S. Bank Trust National Association v. Prudential Securities, Inc.,*
 26 *et al.*, No. CS-01-0128 (collectively the "Complaints"), as follows.

ORIGINAL

ANSWER OF R.W. Robideaux & CO. TO
 COMPLAINTS OF NUVEEN AND U.S. BANK - 1

LAW OFFICES OF
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1 Defendant admits to the following facts alleged in the Complaints.

2 1. Defendant admits that this Court has jurisdiction over the claims alleged to arise
3 under the Security Exchange Act of 1934.

4 2. Defendant admits that venue properly lies in this Court.

5 3. Defendant admits that Nuveen Quality Income Municipal Fund, Inc., is a
6 municipal bond investment fund.

7 4. Defendant admits that Nuveen Premium Income Municipal Fund IV, Inc. is a
8 municipal bond investment fund.

9 5. Defendant admits that Strong Municipal Bond Fund, Inc., is a municipal bond
10 investment fund.

11 6. Defendant admits that Smith Barney Municipal Fund Limited Term is a municipal
12 bond investment fund.

13 7. Defendant admits that Smith Barney Municipal High-Income Fund is a municipal
14 bond investment fund.

15 8. Defendant admits that Vanguard High-Yield Tax-Exempt Fund is a municipal
16 bond investment fund that is a series of Vanguard municipal bond funds.

17 9. Defendant admits that U.S. Bank Trust National Association is a national
18 association chartered under the laws of the United States, and serves as Indenture Trustee for
19 some holders of the Bonds.

20 10. Defendant admits that Citizen's Realty Co. is a Washington corporation, and is a
21 wholly-owned subsidiary of Cowles Publishing.

22 11. Defendant lacks knowledge as to whether Lincoln Investment Company of
23 Spokane is a company "related" to Cowles Publishing.

24 12. Defendant admits that Citizens and Lincoln created River Park Square LLC in
25 1997, and that they are the sole members thereof.

26 13. Defendant admits that River Park Square LLC established RPS II LLC in 1998.

ANSWER OF R.W. Robideaux & CO. TO
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JPMK 267.1814

1 14. Defendant admits that the City of Spokane is a first-class charter city in the State
2 of Washington.

3 15. Defendant admits that Foster Pepper & Shefelman was engaged to act and acted
4 as counsel for Prudential in connection with underwriting the Bonds. Foster Pepper participated
5 in the preparation of the Official Statement and in September 1998 issued an opinion concerning
6 the issuance of the Bonds.

7 16. Defendant admits that Prudential is a Delaware corporation and a registered
8 broker dealer doing business in the State of Washington, and that Prudential acted as underwriter
9 for the Bonds. Defendant further admits that John C. Moore was an employee of Prudential.

10 17. Defendant admits that Preston Gates & Ellis acted as issuer's counsel on behalf of
11 the Foundation and as bond counsel in connection with the underwriting and issuance of the
12 Bonds. In September 1998, Preston Gates & Ellis issued an opinion in connection with the
13 issuance of the Bonds.

14 18. Defendant admits that RWR Management, Inc., is a real property management
15 company that acted as a coordinator and managing and leasing agent for efforts of the owners of
16 the Garage and River Park Square Mall to redevelop, renovate and expand the Garage and River
17 Park Square Mall. Defendant further admits that R.W. Robideaux was an officer or employee of
18 RWR Management, Inc., and that he was a person with responsibility for the authorized actions
19 undertaken by RWR Management, Inc. in connection with the redevelopment renovation and
20 expansion of the Garage and River Park Square Mall. Defendant further admits that RWR
21 Management, Inc. managed the day-to-day business of River Park Square Mall on behalf of the
22 owners thereof for a number of years prior to the issuance of the Bonds.

23 19. Defendant admits that the Spokane Downtown Foundation is a Washington non-
24 profit corporation. The Foundation issued the Bonds to purchase the Garage and leased the
25 ground underlying the Garage from the owners thereof.

26

1 20. Defendant admits that the Spokane Public Parking Development Authority was
2 created by an Ordinance passed by the Spokane City Council on or about November 7, 1988, that
3 (after it was activated in the second half of 1998) it was governed by a five-member Board of
4 Directors appointed by the mayor and approved by the City Council, and that at times Orville
5 Barnes and Roberta Greene were members of the Board of Directors of the Authority.

6 21. Defendant admits that Walker is an organization that offers consulting services,
7 including among others, financial feasibility studies in connection with the design, construction,
8 renovation and expansion of parking facilities. Defendants further admit that John Dorsett was
9 at pertinent times an employee of Walker. Walker participated in the preparation of financial
10 analyses of the Garage.

11 22. Defendant admits that River Park Square Mall was built in or about 1974 in
12 downtown Spokane, that Nordstrom is a significant tenant of the River Park Square Mall, and
13 that prior to the issuance of the Bonds the Garage had 750 spaces. Defendant admits that in the
14 mid 1990's the owners of the Garage and River Park Square Mall commenced discussions to
15 determine whether to redevelop the Garage and the River Park Square Mall. Defendant admits
16 that representatives of the owners of the Garage entered into discussions with representatives of
17 the City, and discussed with representatives of the City the concept among others that the City
18 would purchase the existing garage and then renovate and expand it. Defendant further admits
19 that in connection with those discussions representatives of the City and the owners of the
20 Garage and of the land underlying the Garage entered into discussions that eventually led to the
21 transactions described in the Official Statement.

22 23. Defendant admits that Walker provided services to one or more of the owners or
23 developers of River Park Square in 1995, and that the services included the preparation of
24 financial pro forma.

25 24. Defendant admits that Walker subsequently was retained by the City to prepare
26 analyses in connection with the purchase of the Garage.

1 25. Defendant admits that the City engaged Auble & Associates to prepare the report
2 dated July 11, 1996, that is referenced within the Official Statement. The Complaints purport to
3 quote from the Auble Report. Defendant does not deny that the report says what it says, but the
4 Complaints quote the language of the report out of context and attempt to create inferences that
5 are inaccurate. Defendant admits that it had knowledge of the report.

6 26. Defendant admits that the City engaged Daniel M. Barrett to prepare the report
7 dated July 8, 1996, that is referenced within the Official Statement. The Complaints purport to
8 quote from the Barrett Report. Defendant does not deny that the report says what it says, but the
9 Complaints quote the language of the report out of context and attempt to create inferences that
10 are inaccurate. Defendant admits that it had knowledge of the report.

11 27. Defendant admits that the City engaged Coopers & Lybrand LLP to prepare a
12 report in connection with the Garage, and that Walker issued a report to the City in or about
13 June, 1996, and subsequently revised and updated the report on April 22, 1998 and June 29,
14 1998. The Complaints purport to quote from the Coopers & Lybrand Report. Defendant does
15 not deny that the report says what it says, but the Complaints quote the language of the report out
16 of context and attempt to create inferences that are inaccurate. Defendant admits that it had
17 knowledge of the report.

18 28. Defendant admits that the Sabey Corporation is a commercial real estate company
19 with a principal place of business in Seattle, Washington; that the Sabey Corporation was an
20 owner of land and an operator of Northtown Shopping Center, retail facilities, in the City of
21 Spokane that compete with River Park Square; that on or about December 10, 1996, the Sabey
22 Corporation issued the Sabey RPS Mall Report and the Sabey Garage Report. The Complaints
23 purport to quote from the Sabey Report. Defendant does not deny that the report says what it
24 says, but the Complaints quote the language of the report out of context and attempt to create
25 inferences that are inaccurate. Moreover, Defendant denies that the Sabey Report was competent
26 or submitted in good faith. Defendant admits that it received a copy of the report.

1 29. Defendant admits that Coopers & Lybrand issued a report to the City on or about
2 January 27, 1997, in connection with the enactment of Ordinance C-31823.

3 30. Defendant admits that on January 27, 1997 the City of Spokane City Council
4 enacted Ordinance No. C-31823. The Complaints purport to characterize and quote from the
5 Ordinance. Defendant does not deny that the Ordinance says what it says, but it must be read as
6 a whole, together with the other resolutions, agreements and documents that were then before the
7 Council or pertain to the Ordinance. Defendant therefore denies the quotes and characterizations
8 to the extent that they take language out of context or create inferences that are inaccurate. The
9 Ordinance is a valid and enforceable pledge of certain parking revenues of the City to insure
10 payment of the Garage's operating expenses and ground rent. Defendant admits that the City
11 currently asserts a construction of, and defenses to enforcement of, the Ordinance that are
12 inconsistent with the City's contemporaneous expressions regarding the Ordinance, but
13 Defendant denies that at the time of the enactment of the Ordinance or at the time of the issuance
14 of the Official Statement the City believed that the construction of, or defenses to enforcement of
15 the Ordinance that the City currently asserts existed.

16 31. Defendant admits that the Spokane City Council adopted Resolution No. 97-2,
17 which approved the plan for the Foundation to purchase the Garage, including the plan for
18 financing the purchase.

19 32. Defendant admits that on or about September 15, 1998, the Spokane Downtown
20 Foundation issued the Bonds, in the face amount of \$31,465,000 to finance the Foundation's
21 purchase of the renovated and expanded Garage. Those Bonds are to be repaid from the
22 revenues of the Garage.

23 33. Defendant admits that the Bonds were not secured by any lien upon the Garage or
24 the underlying land.

25 34. Defendant admits that the sources of repayment of the Bonds were revenues from
26 the Garage; that the RPS Mall renovation was to be completed in two phases; that the Garage

1 and retail center were to be completed in phase I, with the new Nordstrom's portion and some
2 remaining retail facilities to be completed in phase II; and that parking revenues were expected
3 to grow when construction was completed and substantially all retail tenant space occupied.

4 35. Defendant admits that the Spokane Downtown Foundation issued the Official
5 Statement in connection with the issuance and sale of the Bonds.

6 36. Defendant admits that it had some knowledge of the content of the Official
7 Statement at or about the time of the issuance of the Official Statements by the Foundation.

8 37. Defendant admits that after the Bonds were issued in September 1998, the bond
9 proceeds were placed in escrow for the benefit of the Bondholders, and the Bonds were subject
10 to special mandatory redemption for limited, specified reasons; that on or about September 27,
11 1999, Citizen's Realty Co. and River Park Square LLC sold the Garage and certain related
12 personal property to the Foundation, pursuant to a Parking Facility Purchase And Sale
13 Agreement dated August 1, 1998; and that before the sale a disagreement with AMC theatres
14 over parking arose and was resolved.

15 38. Defendant admits that completion of renovations to the RPS Mall took longer
16 than anticipated, and that the Spokesman Review reported that parking revenues were expected
17 to increase when the construction was finished.

18 39. Defendant admits that Standard & Poor's downgraded its rating on the Bonds on
19 or about February 1, 2000, and that it issued a report concerning the Garage on or about that
20 time.

21 40. Defendant admits that by early 2000 the City had a new mayor and three new city
22 council members who opposed the Ordinance and issuance of the Bonds.

23 41. Defendant admits that Standard & Poor's downgraded its rating on the Bonds on
24 or about April 20, 2000.

25 42. Defendant admits that Garage revenues are currently insufficient to pay the sum
26 of debt service, operating expenses and ground lease payments.

ANSWER OF R.W. Robideaux & CO. TO
COMPLAINTS OF NUVEEN AND U.S. BANK - 7

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1 43. Defendant admits that the City of Spokane has refused after request and demand
2 to honor its obligation under Ordinance C-31823.

3 Defendants specifically deny the following factual allegations.

4 44. Defendant denies that it engaged in any scheme or artifice to defraud the
5 purchasers of the Bonds.

6 45. Defendant denies that it engaged in any unlawful conspiracy with respect to the
7 issuance of the Bonds.

8 46. Defendant denies that the Official Statements were materially false and
9 misleading.

10 47. Defendant denies having knowledge or belief that the Official Statements were
11 false or misleading.

12 48. Defendant denies that it substantially participated in making the factual
13 representations to the plaintiffs that are set forth in the Official Statements.

14 49. Defendant denies acting in concert or individually to achieve unlawful purposes.

15 50. Defendant denies that it engaged in any conduct that constitutes a violation of
16 Section 10(b) of the Securities Exchange Act of 1934, or of subsections 2(a), (b), and (c) of SEC
17 Rule 10b-5 promulgated thereunder.

18 51. Defendant denies that it controlled the Foundation within the meaning of
19 Section 20(a) of the Securities Exchange Act of 1934.

20 52. Defendant denies that it engaged in any conduct that constitutes a violation of the
21 Securities Act of Washington.

22 53. Defendant denies that it acted in any respect with scienter within the meaning of
23 Washington Revised Code Section 21.20.430(7).

24 54. Defendant denies making material misrepresentations and omissions in
25 connection with the Bonds or otherwise.
26

ANSWER OF R.W. Robideaux & CO. TO
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1 55. Defendant denies that it aided and abetted any other defendant in connection with
2 any common law fraud.

3 56. Defendant denies that it engaged in any actions that constitute common law
4 negligent misrepresentation.

5 Defendant lacks knowledge or information sufficient to form a belief as to the truth of
6 allegations in the Complaint regarding the state of mind of parties other than itself. Defendant
7 also lacks knowledge or information sufficient to form a belief as to the truth of numerous
8 allegations regarding conduct that the Complaints allege to have been undertaken by other
9 person or entities.

10 57. Except as specifically admitted and denied herein, defendant generally denies all
11 other and remaining allegations in the Complaint.

12 ADDITIONAL DEFENSES

13 A. Plaintiffs' Complaints, and each of their counts, fail to state a claim upon which
14 relief may be granted.

15 B. Plaintiffs' own negligence or fault serves as a bar to their claims or, in the
16 alternative, must reduce the damages awarded to plaintiffs, if any, in proportion to plaintiffs'
17 negligence or fault.

18 C. Plaintiffs' damages, if any, were caused by others over whom Defendant had no
19 control and for whose actions Defendant is not legally responsible. At fault third parties may
20 include the City of Spokane.

21 D. Defendant did not know, and in exercise of reasonable care could not have
22 known, of the existence of facts by reason of which liability is alleged to exist under Chapter
23 21.20 of the Revised Code of Washington.

24 E. Plaintiffs' damages, if any, were caused by intervening or superseding causes for
25 which Defendant is not legally responsible.

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ANSWER OF R.W. Robideaux & CO. TO
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1 F. Plaintiffs' claims are barred by laches and by the applicable statutes of
2 limitations.

3 Having fully answered the Complaints, Defendant requests that the Court grant the
4 following relief:

5 A. Judgment dismissing the claims set forth in the Complaints with prejudice;

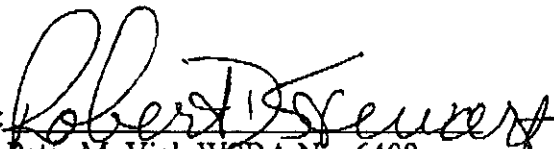
6 B. Judgment against plaintiffs for Defendant's costs and expenses incurred in the
7 defense of the claims in the Complaints, including reasonable attorneys' fees;

8 C. Such other and further relief as the Court deems just based upon the law and the
9 evidence.

10 DATED this 12th day of December, 2001.

11
12 Respectfully submitted,

13 MCNAUL EBEL NAWROT HELGREN
14 & VANCE PLLC

15
16 By: 
17 Peter M. Vial, WSBA No. 6408
18 Robert D. Stewart, WSBA No. 8998
19 Attorneys for Defendant
20 R.W. Robideaux & Company
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